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October 20, 2011

**CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER IN CC DOCKET  
No. 01-92, WC DOCKET NOS. 05-337, 07-135, AND 10-90, AND GN DOCKET No. 09-51  
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION –  
ADDITIONAL COPYING PROHIBITED**

**REDACTED FOR PUBLIC INSPECTION**

**BY HAND DELIVERY & ELECTRONIC FILING**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 Twelfth Street, SW  
Washington, D.C. 20554

Re: *Developing a Unified Intercarrier Compensation Regime, et al.*,  
CC Docket Nos. 01-92 and 96-45, WC Docket Nos. 03-109, 05-  
337, 07-135 and 10-90, and GN Docket No. 09- 51 –  
Ex Parte Notice

Dear Ms. Dortch:

On October 18, 2011, Anand Vadapalli and Leonard Steinberg of Alaska Communications Systems Group, Inc., on behalf of its operating subsidiaries (“ACS”), and I met with Commissioner Copps and Margaret McCarthy, and with Commissioner McDowell and Christine Kurth, and on October 19, 2011, Messrs. Vadapalli and Steinberg and I met with Chairman Genachowski, Eddy Lazarus and Brad Gillen. All of these meetings concerned the FCC’s pending universal service and inter-carrier compensation rulemaking in the above-captioned dockets. The enclosed material was distributed at these meetings.

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**Confidential Treatment**

Pursuant to the Protective Order established in this proceeding,<sup>1</sup> ACS hereby files certain information that is proprietary and confidential to ACS. ACS has marked each page of this letter and the enclosed Stamped Confidential Document with the required legend indicating its confidential nature as required in paragraph 4 of the Protective Order, and has indicated that each document contains such sensitive information that the copying of the document should be restricted as provided for in paragraph 5 of the Protective Order.

Please find herewith one copy of ACS's Stamped Confidential Documents as defined in the Protective Order, and two copies of its Redacted Confidential Documents. ACS also is sending two copies of each Stamped Confidential Document to Ms. Lynne Hewitt Engledow, Pricing Policy Division, Wireline Competition Bureau. ACS also is filing its Redacted Confidential Documents electronically in the above-captioned dockets.

**Substantive Description of *Ex Parte* Discussions**

In these meetings, ACS explained that unique circumstances in the state, including the lowest population density of the 50 states, and very high per-customer costs of deploying *and maintaining* both fixed and mobile networks, justify special rules for universal service funding to Alaska service providers. ACS argued that federal universal service funding has been instrumental to the ability of Alaska's service providers to deliver essential fixed and mobile services to many parts of the state that otherwise would not have access to those services, including 300 communities not connected by road to any other place. Without continuing funding at least at the levels proposed by ACS in its August 24, 2011 Comments in this proceeding, ACS will have to substantially modify its infrastructure investment plans. Without an Alaska-specific plan going forward, the Commission cannot ensure that customers in Alaska will have access to advanced telecommunications and information services that are reasonably comparable, and comparably priced, to those available in the rest of the nation.

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<sup>1</sup> *Developing a Unified Inter-carrier Compensation Regime*, CC Docket No. 01-92, Protective Order, 25 FCC Rcd 13160 (Wireline Competition Bur. 2010).

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ACS pointed to its investment in telecommunications infrastructure in Alaska of more than \$500 million over the past eight years. Plans have been announced to invest \$35 million more in 4G wireless broadband capability. The company employs 850 workers in the sector. ACS expressed its concern that forcing ACS into a plan developed for the Lower 48 states could be highly destabilizing for the company, its employees and its customers. For example, the changes under consideration could put at risk as much as **[REDACTED FOR PUBLIC INSPECTION]** per year in revenues for ACS alone, and as much as **[REDACTED FOR PUBLIC INSPECTION]** per year for the state (compared to 2010 revenues). **[REDACTED FOR PUBLIC INSPECTION]**

ACS urged the Commissioners to support an Alaska-specific plan that will eliminate growth in the size of the fund, shift support from urban to rural areas, and target funding where it is most needed, providing advanced competitive telecommunications services throughout the state. The proposal filed by ACS, in its August 24, 2011 Comments in this proceeding, has support from GCI as well as the small RLECs in the state. Over a reasonable transition period, it would phase out 100% of the support currently targeted to Anchorage, and shift substantial amounts of support out of Fairbanks and Juneau – even though those study areas are truly rural – thus enabling substantial new investment and expanded broadband capability in the state. Conversely, failure to adopt an Alaska-specific solution would lead to sharp reductions in investment and even cut-backs in existing services in a number of areas throughout the state.

ACS appreciates the Commission's interest in creating a consistent national policy framework for universal service and inter-carrier compensation. ACS would support the long-term objective of aligning Alaska with the national framework provided that it is pursued in a manner that (a) recognizes the unique characteristics of Alaska, and (b) is not detrimental to the entire communications sector in one state. Allowing Alaska to maintain its existing support (including recognition of the Alaska Tribal Lands exception),<sup>2</sup> while capping and *perhaps even modestly reducing* the level of support relative to ACS's August 24 proposal, and phasing down support over a longer time period of time, would provide the means to balance objectives and fit Alaska within the overall parameters of the National Broadband Plan.

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<sup>2</sup> *High-Cost Universal Service Support, Federal-State Joint Board on Universal Service, Order, WC Docket 05-337, CC Docket 96-45 (FCC 09-16), para. 8 (rel. March 5, 2009).*

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Please direct any questions regarding this matter to me.

Very truly yours,

/s/  
Karen Brinkmann  
*Counsel to ACS*

Enclosure

cc:

Hon. Julius Genachowski  
Hon. Michael Copps  
Hon. Robert McDowell  
Edward Lazarus  
Zachary Katz

Christine Kurth  
Margaret McCarthy  
Sharon Gillett  
Carol Matthey  
Bradley Gillen